

## Message Text

PAGE 01 BONN 12443 241535Z

41

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 /020 W  
----- 007639

R 241112Z JUL 76  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 0673  
AMEMBASSY BRUSSELS  
USMISSION EC BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY THE HAGUE  
AMEMBASSY LONDON  
AMEMBASSY LUXEMBOURG  
AMEMBASSY PARIS  
AMEMBASSY ROME

UNCLAS BONN 12443

FOLLOWING TELEGRAM BEING REPEATED FOR YOUR INFO, QUOTE:

R 231543Z JUL 76  
FM AMEMBASSY BONN  
TO USDA/FAS WASHDC  
UNCLAS BONN 12443

TOFAS 247

FOR NOVOTNY, GRAIN & FEED DIV: FROM PARKER

E.O. 11652: N/A  
TAGS: EAGR, GW  
SUBJECT: U.K. GRAIN/FEED SITUATION

1. THE UK APPEARS TO BE LESS AFFECTED BY DROUGHT THAN  
CONTINENTAL EC CO MEMBERS. FORAGE CONDITIONS, THE CRITI-  
CAL IMPACT AREA FOR MAJORITY OTHER WEST EUROPEAN COUN-  
TRIES, ARE CONSIDERABLY MORE FAVORABLE IN UK THAN ELSE-  
WHERE, PARTICULARLY FOLLOWING RAINS IN PAST WEEK.  
SUSTAINED DRYNESS, PRIMARILY IN THE SOUTH AND EAST,  
UNCLASSIFIED

PAGE 02 BONN 12443 241535Z

HOWEVER, DID CAUSE SOME DAMAGE. TOTAL GRAIN PRODUCTION  
NOW ESTIMATED 15 MILL TONS (COMPARED WITH MAY ESTIMATE  
OF 15.4). SPRING BARLEY ACCOUNTS FOR MAJORITY OF RE-  
DUCTION.

2. CATTLE POPULATION ON THE OTHER HAND IS CONCENTRATED NORTH OF SHORT MOISTURE AREA AND HAY AND PASTURES THERE ARE CONSIDERED NEARLY NORMAL. EARLIER PERIODS OF BELOW NORMAL PRECIPITATION AND HOT TEMPERATURES REDUCED HAY YIELDS SOMEWHAT, BUT AS WITH GRAIN, RESULTED IN AN UNUSUALLY HIGH QUALITY OUTTURN, EVEN TO THE POINT WHERE NON-FORAGE PROTEIN REQUIREMENTS MIGHT BE SUPPLANTED TO SOME EXTENT BY HIGHER QUALITY HAY AND SILAGE. HAY PRICES HAVE INCREASED ONLY marginally WHICH IS FURTHER STRONG INDICATION THAT FORAGE SUPPLIES ARE NOT MAJOR CONCERN.

3. FEED DEMAND ANALYSIS IN UK MUST CONTINUE TO BE MADE FROM STANDPOINT ECONOMIC CLIMATE AND CONSUMER DEMAND. ON ONE HAND WAGE INCREASES ARE BEING CONSTRAINED AND ON OTHER HAND INFLATION CONTINUES ABOVE 10 PERCENT. GOVERNMENT PROMISED TO REDUCE INFLATION RATE BY FALL, BUT HAS RECENTLY EXTENDED TARGET TO YEAR'S END. COMPOUND FEED PRICES (BASE 1969/71 EQUALS 100) RETURNED IN MARCH TO INDEX HIGH OF 220 AND IN JUNE STOOD AT 250. FEED ASSOCIATION PROJECTS 280 BY DECEMBER. SOYA PRICES ARE CONTRIBUTING TO INCREASE (AND SOYA WILL BE REPLACED IN COMPOUNDS WHEN POSSIBLE), BUT STERLING WEAKNESS IS CONSIDERED MAJOR COST RISE FACTOR. CONSUMER DEMAND IS SLACKENING AND LIVESTOCK AND PRODUCT PRICES ARE COMING UNDER PRESSURE. ALTHOUGH DAIRY SECTOR SHOULD CONTINUE TO ENJOY SATISFACTORY MARGINS, OUTLOOK POULTRY AND PIG MARGINS IS NOT FAVORABLE. MAY ESTIMATE OF MILL TON INCREASE FEED USAGE 1976/77 OVER 1975/76 LEVEL 12.4 MILL TONS NOW SEEMS OVERLY OPTIMISTIC. FINAL RESULTS MORE LIKELY TO BE ONLY 200-300,000 TON INCREASE. PARKER WILL HANDCARRY REVISED GRAIN S&D'S.

4. QUALITY OF MALTING BARLEY FRANCE, FRG AND UK REPORTED VERY POOR BY ALL CONTACTS. UNABLE AT THIS TIME TO QUANTIFY, BUT WORTH NOTING THAT MALTING BARLEY SUPPLIES UNCLASSIFIED

PAGE 03 BONN 12443 241535Z

ARE ALREADY TIGHT. THIS YEAR'S MARKET WILL LIKELY REQUIRE QUOTE EXTRA EFFORT UNQUOTE REPORTING FROM POSTS AND SPECIAL ATTENTION FAS WASHINGTON.

5. FRG MINAG (UNINTENTIONALLY) RELEASED 1976 GRAIN PRODUCTION ESTIMATES OF 18-18.5 MILL TONS. THIS RANGE EXCLUDES ONE HALF MILL TONS CORN AND ACCORDING TO MINAG OFFICIALS UNDERSTATES TRUE MINAG PROJECTIONS. CURRENT POST ESTIMATE 20.3 MILL TON TOTAL GRAIN PRODUCTION STILL CONSIDERED MOST LIKELY OUTCOME. UNQUOTE. CASH.

UNCLASSIFIED

<< END OF DOCUMENT >>

## Message Attributes

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